

EVIDENCE GATHERED FOR THE
REPORT
of
THE ROYAL COMMISSION
APPOINTED TO INQUIRE INTO
THE FAILURE
of
ATLANTIC ACCEPTANCE CORPORATION
LIMITED

Exhibit 20018-1

From a folder containing evidence collected on Jack Tramiel.
Letter sent from the Royal Commission on Atlantic Acceptance Limited
to Justice S. H. S. Hughes on December 28, 1966 regarding Inquiries of
Interpol regarding Jack Tramiel.

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20018-1

TRAMIEL, JACK

20018-1



THE ROYAL COMMISSION
ON
ATLANTIC ACCEPTANCE CORPORATION LIMITED

COMMISSIONER: THE HONOURABLE S. H. S. HUGHES
COUNSEL: A. E. SHEPHERD, Q.C.
ASSISTANT COUNSEL: R. IAN CARTWRIGHT
SECRETARY: J. B. LIND

BOX 209, PARLIAMENT BUILDINGS
TORONTO 2, ONTARIO

December 28, 1966.

MEMORANDUM TO: MR. JUSTICE S. H. S. HUGHES
FROM: MR. B. WOLFMAN
SUBJECT: INQUIRIES OF INTERPOL RE. JACK TRAMIEL

This memo will seek to answer questions A to F of the letter of December 2, 1966, from the Berlin Police Department ~~to~~ with the Royal Canadian Mounted Police. As we discussed, Sir, the questions in themselves do not seem broad enough to give the Berlin Police Department a full understanding of this complex matter. I will, however, confine myself to answering the questions as stated. It is my understanding that you and Mr. Shepherd will then decide upon the approach to be taken in making the Berlin Police Department aware of all other matters which bear on this case.

Answers to Questions A-F are as follows:-

(a) The financial condition of Atlantic Acceptance Corporation Limited as reported to the public up to October of 1964 appeared extremely good. Annual reports and quarterly reports up to that time had shown consistent increases in profits and asset values. The growth rate was quite high and in some years exceeded a 100% increase in assets. However, the results were apparently satisfactory and the loss rate on new accounts seemed low. To the public this company appeared to be a dynamic well-managed enterprise.

Stock values also maintained a steady growth. In October 1964, the high market price for the month was \$20.50 per share, the low for that month was \$18-1/8th. Volume of trading in that month was a moderate 13,613 shares.

Memorandum: Inquiries of Interpol re Jack Tramiel

- (b) Jack Tramiel did not at any time work for Atlantic Acceptance Corporation. He was, however, a very close associate of C. Powell Morgan, the president of Atlantic Acceptance. In addition, certain of the directors and officers of Atlantic Acceptance occupied positions on the Board of Directors of Mr. Tramiel's Company, Commodore Business Machines (Canada) Limited. During the period 1959 to June 17, 1965, Mr. Tramiel participated in many joint ventures with C. Powell Morgan and he has claimed in testimony before this Commission that in the vast majority of cases Mr. Tramiel was acting on behalf of Mr. Morgan and under his direction. It is, in fact, Mr. Tramiel's contention that he was acting under Mr. Morgan's direction and on Mr. Morgan's behalf in purchasing his interest in the Hugo Oppenheimbank of Berlin.
- (c) From the time of the incorporation of Commodore Business Machines (Canada) Limited, in late 1958, Atlantic Acceptance Corporation Limited, through its subsidiaries provided the major financing for Commodore and its associated companies. Relationship of the two firms appears to have been very close and Mr. Morgan had a large personal shareholder's interest in this company. In addition, Atlantic Acceptance Corporation held large amounts of shares of Commodore Business Machines as collateral from time to time.
- (d) We do not at present have any information as to the whereabouts of 7,000 Analogue control shares. These shares apparently are a portion of the shares sold by Jack Tramiel to the Berlin bank with Trans Commercial Acceptance Limited acting as agent in the transaction. The question indicates that 7,000 Analogue shares were actually deposited with Trans Commercial Acceptance Limited. We have seen no evidence of such deposit of 7,000 shares. Tramiel was questioned by counsel to this Commission as to how he had acquired the shares he had sold to the Berlin bank. He stated that he had acquired something over 3,000 shares on the market and could not recall how the balance was acquired. This appears to be incorrect, since the shares Mr. Tramiel acquired in the market were at all times held as collateral to the margin account at his brokers and therefore could not be delivered to the Berlin bank. It remains a mystery as to how Mr. Tramiel could come into the 7,000 shares to be delivered to the Berlin bank and whether he in fact did own 7,000 shares or was seeking to purchase shares in order to effect the delivery.

Memorandum: Inquiries of Interpol re Jack Tramiel

- (e) It is difficult to understand this question. I assume that the intention of this question is to determine the amount of claims being made against Trans Commercial Acceptance Limited and the reason for incurring these claims initially. To summarize briefly, the claims total approximately \$2.5 Million against Trans Commercial Acceptance. Trans Commercial incurred the bulk of these debts for two purposes. At the date of bankruptcy Trans Commercial owed Commodore Sales Acceptance over \$900,000. It incurred this debt to Commodore Sales by purchasing the loans of Commodore Sales to Commodore Business Machines and associated companies. In other words, Trans Commercial acquired accounts receivable from Commodore Sales in return for the promise to pay Commodore Sales the book value of those accounts receivable. The other large claim against Trans Commercial Acceptance is for a debt owing to British Mortgage and Trust secured by the Pledge of Securities of Commodore Business Machines (Canada) Limited. This debt arose in December of 1964 when Trans Commercial Acceptance borrowed money from British Mortgage and Trust in order to invest in the securities of Commodore Business Machines (Canada) Limited.
- (f) On December 29, 1964, Hugo Oppenheimbank (Canada) Limited, received \$250,000 as a subscription for 100% of its capital from Hugo Oppenheim - Berlin. It disbursed these funds in the following manner: firstly, Hugo Oppenheimbank (Canada) paid \$115,000 to Associated Canadian Holdings in order to purchase 100% of the outstanding capital stock of Trans Commercial Acceptance Limited. This sum is equal to the amount of capital Associated Canadian Holdings originally paid in to Trans Commercial Acceptance. Hugo Oppenheimbank (Canada) also paid \$100,300 to Trans Commercial Acceptance to purchase certain securities held by Trans Commercial Acceptance. These securities being 1900 common shares of Atlantic Acceptance and 8900 shares of Commodore Business Machines. Finally, Hugo Oppenheimbank (Canada) paid \$34,000 to Trans Commercial Acceptance as a loan.

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